

## Message Text

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C O N F I D E N T I A L STATE 015557

FOR EA ONLY, MANILA POUCH CEBU

E.O. 11652: GDS

TAGS: SHUM, ENRG, PINT, RP

SUBJECT: WEEKLY STATUS REPORT - PHILIPPINES

TO: EA - MR. HOLBROOKE

FROM: EA/PHL - BENJAMIN A. FLECK

### 1. FLETCHER SCHOOL UPDATE (LIMITED OFFICIAL USE)

ON JANUARY 17, I LUNCHEDED WITH ALAN CAMERON, ASSISTANT DEAN AT THE FLETCHER SCHOOL. HE SAID THAT TO DATE, FLETCHER HAS RECEIVED ONLY \$75,000 OF THE ONE AND A HALF MILLION PROMISED TO FINANCE THE MARCOS CHAIR. HE SAID TUFTS UNIVERSITY PRESIDENT JEAN MAYER INTENDS TO STAND FIRM IN THE FACE OF CONTINUING CRITICISM BY SOME STUDENTS AND FACULTY BUT THAT THE UNIVERSITY WOULD FEEL A LOT BETTER IF THEY HAD MORE OF THE MONEY IN HAND. CAMERON FEELS THAT  
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THIS GRANT HAS BEEN SINGLED OUT UNFAIRLY FOR CRITICISM. GEORGETOWN'S ACCEPTANCE OF A GRANT FROM COLONEL KHADDAFI WAS PROTESTED ONLY BY ART BUCHWALD AND HARVARD HAS ACCEPTED A GRANT FROM THE AUSTRALIAN GOVERNMENT WHICH HAS ALL SORTS OF STRINGS ATTACHED TO IT, INCLUDING A VETO OVER COURSE CONTENT BUT NO ONE HAS OBJECTED. THE ONLY STRING ATTACHED TO THE MARCOS CHAIR, ACCORDING TO CAMERON, IS THE

NAME, AND HE DOES NOT UNDERSTAND WHY THIS HAS AROUSED SUCH A FUROR. CAMERON STATED THAT THE PHILIPPINE GOVERNMENT HAS BEEN DRAGGING ITS FEET WITH REGARD TO ORGANIZING AN INTERNATIONAL CONFERENCE ON THE SECURITY OF THE WESTERN PACIFIC AREA AND DEAN GULLION IS CONSIDERING A TRIP TO MANILA TO TRY TO GET THE PLANNING STARTED.

2. PSINAKIS POTPOURRI (LIMITED OFFICIAL USE)

STEVE PSINAKIS CALLED ON ME JANUARY 17, EN ROUTE TO GREECE, WHERE HE PLANS TO VISIT HIS PARENTS FOR TWO WEEKS. I HAVE ALREADY REPORTED HIS COMMENTS ON THE PROPOSED ELECTION IN THE PHILIPPINES. HE ALSO STATED THAT THE MOVEMENT FOR A FREE PHILIPPINES HAS SUBMITTED TO THE FEDERAL COMMUNICATIONS COMMISSION AN APPLICATION TO ESTABLISH A SHORT WAVE BROADCASTING STATION IN CALIFORNIA WHICH WOULD BEAM PROGRAMS TO THE PHILIPPINES. HE SAID THE FCC OFFICIAL WITH WHOM THEY TALKED HAD SAID THAT THE OPINION OF THE STATE DEPARTMENT WOULD BE SOUGHT BEFORE A LICENSE WAS ISSUED. PSINAKIS ALSO SAID THAT HE IS WORKING ON A BOOK ABOUT THE LOPEZ/OSMENA ESCAPE, WHICH HE FORESEES BEING TURNED INTO A MOTION PICTURE. PROFITS FROM THE BOOK AND THE FILM WILL BE DEVOTED TO ANTI-MARCOS ACTIVITIES IN THE U.S. PSINAKIS SAID THAT FOLLOWING HIS RETURN FROM EUROPE, HE WOULD SEEK AN INTERVIEW

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WITH PATT DERIAN TO GET HER REACTIONS TO HER MANILA VISIT AND TO HEAR ABOUT HER CONVERSATION WITH AQUINO.

3. PHILIPPINE-AMERICAN CHAMBER MEETING (UNCLASSIFIED)

ON JANUARY 18, I ADDRESSED THE ANNUAL MEETING OF THE PHILIPPINE-AMERICAN CHAMBER OF COMMERCE IN NEW YORK CITY. ALSO PRESENT AND SPEAKING TO THE GROUP WERE ROBERT HOWE, PRESIDENT OF ANSOR CORPORATION, WHO SPOKE ON ASEAN, AND WILLIAM DUNNING OF CALTEX, FORMER PRESIDENT OF THE AMERICAN CHAMBER OF COMMERCE IN MANILA. DUNNING MADE SOME EXTREMELY COMPLIMENTARY REMARKS ABOUT AMBASSADOR NEWSOM AND SAID THAT FILIPINOS ARE UPSET OVER WHAT THEY CONSIDER TO BE ONE-SIDED MEDIA REPORTING OF THE PHILIPPINE SCENE. HE SAID THAT HE AGREED THAT RECENT REPORTING HAS BEEN ONE-SIDED AND THAT ALTHOUGH HE COULD NOT REFUTE MUCH OF WHAT HAS BEEN REPORTED, HE FEELS THAT THERE IS ANOTHER SIDE OF THE PICTURE WHICH SHOULD ALSO BE KNOWN TO THE AMERICAN PEOPLE. DURING THE QUESTION PERIOD, THE MISTAKEN NOTION THAT THE USG IS SEEKING PARITY FOR US INVESTORS IN THE PHILIPPINES WAS REFERRED TO. I AGAIN ATTEMPTED TO LAY TO REST THIS BIT OF INFORMATION, WITH THE

HELP OF AMBASSADOR NEWSOM'S ROTARY CLUB SPEECH.

4. MORE ON WESTINGHOUSE NUCLEAR POWER PLANT (CONFIDENTIAL)

A RUNNING SERIES OF MAJOR NYT, WSJ, AND WP STORIES HAVE DWELT ON THE ACCUMULATION OF CONSIDERABLE WEALTH BY RELATIVES AND CLOSE FRIENDS OF THE FIRST FAMILY SINCE MARTIAL LAW. ALTHOUGH THE INNUENDO IS STRONG, NONE OF THE ARTICLES HAS DIRECTLY CHARGED OR ADVANCED EVIDENCE THAT MARCOS PROFITED PERSONALLY FROM THEIR ACTIVITIES. IN PARTICULAR, PRESS ATTENTION HAS FOCUSED ON HERMINIO DISINI, A GOLFING CRONY AND RELATIVE OF MARCOS BY MARRIAGE TO A COUSIN OF IMELDA. DISINI HAS CONFIDENTIAL

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PUT TOGETHER A VAST BUSINESS EMPIRE IN A FEW YEARS AS THE RESULT OF PRESIDENTIAL INFLUENCE. ON JANUARY 14, THE NYT REPORTED THAT, FACED WITH RISING ALLEGATIONS OF CORRUPTION, MARCOS HAD ANNOUNCED THAT BECAUSE OF PAYMENTS WESTINGHOUSE HAD MADE TO DISINI IN OBTAINING THE CONTRACT, HE WAS ORDERING AN INVESTIGATION WHICH COULD RESULT IN CANCELLATION OF A 1976 AGREEMENT WITH THE COMPANY TO BUILD A \$1.1 BILLION EXIM-FINANCED NUCLEAR POWER PLANT, ALREADY UNDERWAY IN THE PHILIPPINES. ACCORDING TO NYT SOURCES, DISINI RECEIVED A FEE ESTIMATED AT FROM \$4 MILLION UP TO \$35 MILLION. FURTHER, IT WAS ALLEGED THAT THE CONTRACT WAS AWARDED DESPITE CALCULATIONS THAT THE WESTINGHOUSE PLANT WAS OVERPRICED BY AT LEAST \$75 MILLION, AND PERHAPS AS MUCH AS SEVERAL HUNDRED MILLION DOLLARS. THE TIMES OBSERVED THAT IN ITS INTERVIEW WITH MARCOS, HE "SEEMED TO BE TRYING TO HEAD OFF FURTHER CHARGES OF CORRUPTION THAT COULD TOUCH HIM PERSONALLY."

INTERESTINGLY, THE PHILIPPINE-GUIDED PRESS WAS ALLOWED TO PRINT EXCERPTS FROM THE NYT ARTICLE, TO WHICH THE GENERAL MANAGER OF THE NATIONAL POWER CORPORATION, IN EFFECT, REJOINED THAT IF THE WESTINGHOUSE REACTOR HAD BEEN OVERPRICED, EXIM WOULD NOT HAVE PROVIDED THE FINANCING. WHILE ACKNOWLEDGING THE PAYMENT OF SERVICE FEES AND COMMISSION, WESTINGHOUSE VIGOROUSLY MAINTAINS THAT THEY ARE REASONABLE AND PROPER, AND THAT THE CONTRACT PRICE AND TOTAL PROJECT COST ARE REASONABLE AND COMPETITIVE WHEN COMPARED WITH OTHER NUCLEAR POWER PLANT PROJECTS AROUND THE WORLD. EMBASSY MANILA COMMENTS THAT WESTINGHOUSE'S DENIAL OF ILLICIT PAYMENTS IS BELIEVABLE, IF FOR NO OTHER REASON THAN THE INTERESTED PARTIES HAVE BEEN ADEQUATELY COMPENSATED IN CONFIDENTIAL

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"LEGAL" COMMISSIONS AND SUBCONTRACTS.

THE NATURE OF MARCOS' ORDERED INVESTIGATION, AS REPORTED BY THE EMBASSY, SUGGESTS THAT WESTINGHOUSE WILL BE EXONERATED. OBSERVERS POINT OUT THAT IT WOULD BE DIFFICULT, AND WOULD ENTAIL LENGTHY DELAYS IN PROCEEDING WITH THE NUCLEAR POWER PLANT PROJECT, FOR THE GOP TO BACK AWAY FROM THE WESTINGHOUSE CONTRACT, EVEN IF IT WANTED TO.

BUT IN A MOVE TO PUT SOME DISTANCE BETWEEN HIMSELF AND DISINI, MARCOS HAS ANNOUNCED THE DIVESTMENT OF THREE LARGE COMPANIES FROM THE DISINI GROUP. PART OF THE REASON, AS EXPLAINED BY THE GOVERNMENT'S INFORMATION SECRETARY, "IS THE PRESIDENT'S CONCERN THAT ANY PERSONAL RELATIONSHIP HE MAY HAVE WITH THE OWNERS IS NOT MISINTERPRETED BY ANYONE WITHIN OR OUTSIDE THE GOVERNMENT AS HAVING PLAYED A PART IN SECURING ANY ACCOMMODATION FOR THESE COMPANIES." DISINI WILL NOT BE TOO BADLY HURT; AS THE EMBASSY NOTES, ALL OF THE AFFECTED COMPANIES ARE CAPITAL INTENSIVE ENTERPRISES EXPECTED TO BE ONLY MARGINALLY PROFITABLE IN THE NEAR FUTURE.

HARD ON THE HEELS OF THESE DEVELOPMENTS, A MANILA NEWSPAPER HAS CARRIED DETAILS OF CONGRESSMAN LONG'S LETTER TO THE NUCLEAR REGULATORY COMMISSION (SIMILAR TO HIS LETTER TO SECRETARY VANCE). THE PAPER CLAIMS LONG HAS THROWN A MONKEY WRENCH INTO THE NUCLEAR POWER PLANT BY HIS STRONG OPPOSITION TO THE GRANTING OF AN EXPORT LICENSE FOR A REACTOR IN THE PHILIPPINES AND HIS REQUEST THAT NRC ANSWER A LONG, LONG LIST OF QUESTIONS BEFORE A FINAL DECISION IS MADE ON THE PROJECT. CONTRARY TO THE EMBASSY'S UNDERSTANDING THAT LONG HAD SENT A COPY OF THE LETTER BY AIRMAIL DIRECTLY TO THE PAPER, HIS OFFICE STATES THAT THE LETTER WAS RELEASED TO THE AP, UPI AND SEVERAL US NEWSPAPERS, BUT NOT SENT TO MANILA.

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WHILE LONG'S POSSIBLE INFLUENCE ON THE ISSUANCE OF EXPORT LICENSES IS EXAGGERATED, IT IS A MATTER OF IMMEDIATE CONCERN TO GOP AUTHORITIES. CHRISTOPHER

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## Message Attributes

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